

# DOCKET SECTION

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

## RESPONSE OF THE UNITED STATES POSTAL SERVICE TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 19


The United States Postal Service hereby provides responses to Presiding Officer's Information Request No. 19, filed on April 6, 1998. Each question is stated verbatim and is followed by the response. Both witnesses Taufique and Kaneer are filing responses to question 2.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
David H. Rubin

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2986; Fax -5402  
April 13, 1998

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE  
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 19

Postal Service witness Taufique shows percentage changes for Regular and Within County proposed rates on page 1 of USPS-T-34, revised August 18, 1997. Similarly, witness Kaneer shows percentage changes for Nonprofit and Classroom proposed rates on page 1 of USPS-T-35, revised August 14, 1997. Both witnesses indicate that rate changes for the preferred categories are calculated from current step 5 to proposed step 5. However, witness Taufique indicates use of revenues excluding fees and witness Kaneer indicates inclusion of fees. Both witnesses appear to round the revenue-per-piece figures to tenths of a cent before calculating the percentage changes.

Question 1.

Consistent with procedures used for other subclasses of mail, please indicate whether fees should be included and present consistent revenue-per-piece and percentage increase figures.

Response

Yes. To maintain consistency and reflect an accurate presentation of the impact on mailers, revenue-per-piece and percentage increase should include fees. For revenue-per-piece and percentage increase figures that are consistent with those for other subclasses of mail, please see my and witness Kaneer's responses to question 2.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE  
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 19

Question 2.

Consistent with the practice of rounding final figures but not intermediate figures, please present percentage change figures based on unrounded revenue-per-piece figures.

Response

The attached table includes revenue per piece including fees for the Periodicals Regular and Within County subclasses. The percent change is calculated based on unrounded revenue per piece.

PERIODICALS REVENUE PER PIECE INCLUDING FEES PERCENT INCREASE BASED ON UNROUNDED NUMBERS			
	TYBR	TYAR	% Change
	Rev./Piece	Rev./Piece	based on
	incl. fees	incl. fees	unrounded rates
Regular Rate	\$ 0.228	\$ 0.236	3.8%
Within County (Step 5)	\$ 0.091	\$ 0.093	2.4%

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE  
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The workpapers of witness Taufique show that the revenue losses (commonly referred to as leakages) associated with discounts were calculated using unrounded discounts. These losses are then added on to the revenue requirement in order to assure that appropriate revenues are obtained.

Question 3.

With respect to the issue of rounding, please explain the Postal Service's policy on recognizing revenue losses associated with discounts, and discuss whether and why this policy should vary among subclasses.

Response

The Postal Service's policy on recognizing losses associated with discounts is to use rounded discounts. For Periodicals, these losses were inadvertently not rounded after being multiplied by the passthroughs. Therefore, the calculation of leakages was based on unrounded numbers.

This policy of using rounded discounts should not vary among subclasses.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE  
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 19

Question 4.

Since the actual revenue losses will be those associated with the rounded discounts, please explain why these losses should be based on unrounded discount figures.

Response

The revenue losses (or leakages) should not be based on unrounded discount figures.

## DECLARATION

I, Altaf H. Taufique, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

  
\_\_\_\_\_  
ALTAF H. TAUFIQUE

Dated: APRIL 13, 1998

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KANEER TO  
PRESIDING OFFICER'S INFORMATION REQUEST NO. 19

Question 2.

Consistent with the practice of rounding final figures but not intermediate figures, please present percentage change figures based on unrounded revenue-per-piece figures.

Response

The attached table includes revenue per piece including fees for the Periodicals Classroom and Nonprofit subclasses. The percent change is calculated based on unrounded revenue per piece.

PERIODICALS REVENUE PER PIECE INCLUDING FEES PERCENT INCREASE BASED ON UNROUNDED NUMBERS			
	TYBR	TYAR	% Change
	Rev./Piece	Rev./Piece	based on
	incl. fees	incl. fees	unrounded rates
Classroom (Step 5)	\$ 0.207	\$ 0.222	7.5%
Nonprofit (Step 5)	\$ 0.153	\$ 0.159	3.5%

## DECLARATION

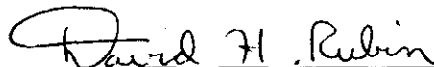
I, Kirk T. Kaneer, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Kirk T. Kaneer  
KIRK T. KANEER

Dated: 4/13/98

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

  
\_\_\_\_\_  
David H. Rubin

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April 13, 1998